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THE AMERICAS

1. PANAMA: Problems involved in recognition of Arias --US Ambassador Davis advises the Department of State that, in his opinion, the US should "deal frankly" with a situation in which President-designate Arias and Police Chief Remon have shown a "cynical disregard" for democratic principles and "complete disdain" for expressed US policy. The Ambassador advises that, in view of the US position since the elections of 1948, the US should recognize Chanis as constitutional president, making clear that it will recognize no act of the "illegal" government, and will resist pressure by all means short of intervention. According to the Ambassador, the alternative (granting the Arias government eventual recognition), would be to accept "obviously dishonest legal fictions." As a result, Arias would establish himself firmly in an absolute dictatorship and cooperate with the enemies of the US.

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